

## SENATE BILL No. 16

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-21.8.

**Synopsis:** Rainy day fund loan for missed November 2001 taxes. Authorizes a loan from the rainy day fund for the taxing units in Porter County that will experience a budget shortfall as the result of the bankruptcy of a steel manufacturer located in the county. Applies only to the taxpayer's missed November 2001 installment. Provides that the loan is interest free and must be repaid over ten years.

**Effective:** Upon passage.

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**Landske, Antich, Mrvan, Rogers,  
Smith S, Alexa**

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November 20, 2001, read first time and referred to Committee on Rules and Legislative Procedure.

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Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

## SENATE BILL No. 16

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-21.8 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]:

4       **Chapter 21.8. Rainy Day Fund Loans to Qualified Taxing Units**

5       **Sec. 1. As used in this chapter, "qualified taxing unit" means a**  
6 **taxing unit located in a county having a population of more than**  
7 **one hundred forty-five thousand (145,000) but less than one**  
8 **hundred forty-eight thousand (148,000).**

9       **Sec. 2. As used in this chapter, "board" refers to the state board**  
10 **of finance.**

11       **Sec. 3. Before January 1, 2002, a qualified taxing unit may apply**  
12 **to the board for a loan from the counter-cyclical revenue and**  
13 **economic stabilization fund. The board may make a loan from the**  
14 **fund to the taxing unit if:**

15       **(1) a taxpayer having tangible property subject to taxation by**  
16 **the qualified taxing unit has filed a petition to reorganize**  
17 **under the federal bankruptcy code;**



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(2) the taxpayer has defaulted on one (1) of its property tax payments;

(3) the qualified taxing unit has experienced and will continue to experience a significant revenue shortfall as a result of the default; and

(4) the taxpayer is a steel manufacturer.

Sec. 4. The maximum amount that the board may loan to a qualified taxing unit under this chapter is the amount of the taxpayer's property taxes due and payable in November 2001 that are attributable to the qualified taxing unit, as determined by the state board of tax commissioners.

Sec. 5. (a) The board shall determine the terms of a loan made under this chapter. However, interest may not be charged on the loan, and the loan must be repaid not later than ten (10) years after the date on which the loan was made. The total amount of all the loans made under this chapter may not exceed ten million three hundred thousand dollars (\$10,300,000). The board shall make the loans on December 17, 2001.

(b) A loan made under this chapter shall be repaid only from property tax revenues of the qualified taxing unit that are subject to the levy limitations imposed by IC 6-1.1-18.5 or IC 6-1.1-19. The payment of any installment of principal constitutes a first charge against the property tax revenues collected by the qualified taxing unit during the calendar year in which the installment is due and payable.

(c) The obligation to repay a loan made under this chapter is not a basis for the qualified taxing unit to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(d) Whenever the board receives a payment on a loan made under this chapter, the board shall deposit the amount paid in the counter-cyclical revenue and economic stabilization fund.

(e) This section may not be construed to prevent a qualified taxing unit from repaying a loan made under this chapter before the date specified in subsection (a) if a taxpayer described in section 3 of this chapter resumes paying property taxes to the qualified taxing unit.

Sec. 6. (a) The receipt by a qualified taxing unit of the proceeds of a loan made under this chapter is not considered to be part of the ad valorem property tax levy actually collected by the qualified taxing unit for taxes first due and payable during a particular calendar year for the purpose of calculating the levy excess under IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7. The receipt by a qualified

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1 taxing unit of any payment of delinquent tax owed by a taxpayer  
 2 in bankruptcy is considered to be part of the ad valorem property  
 3 tax levy actually collected by the qualified taxing unit for taxes first  
 4 due and payable during a particular calendar year for the purpose  
 5 of calculating the levy excess under IC 6-1.1-18.5-17 and  
 6 IC 6-1.1-19-1.7.

7 (b) The proceeds of a loan made under this chapter and any  
 8 payment of delinquent tax may be expended by a qualified taxing  
 9 unit only to pay debts of the qualified taxing unit that have been  
 10 incurred under duly adopted appropriations approved by the state  
 11 board of tax commissioners for operating expenses.

12 (c) If the sum of the receipts of a qualified taxing unit that are  
 13 attributable to:

14 (1) the proceeds of a loan made under this chapter; and  
 15 (2) the payment of property taxes owed by a taxpayer in a  
 16 bankruptcy proceeding and payable in November 2001;  
 17 exceeds the taxpayer's property tax liability attributable to the  
 18 qualified taxing unit, the excess as received during any calendar  
 19 year or years shall be set aside and treated for the calendar year  
 20 when received as a levy excess subject to IC 6-1.1-18.5-17 or  
 21 IC 6-1.1-19-1.7. In calculating the payment of property taxes  
 22 referred to in subdivision (2), the amount of property tax credit  
 23 finally allowed under IC 6-1.1-21-5 in respect to the taxes is  
 24 deemed to be a payment of the property taxes.

25 (d) As used in this section, "delinquent tax" means any tax:

26 (1) owed by a taxpayer in a bankruptcy proceeding initially  
 27 filed in 2001; and  
 28 (2) not paid during the calendar year for which it was first  
 29 due and payable.

30 SECTION 2. An emergency is declared for this act.

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